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Mr. Tim O'Neal
110 N. College Avenue, Suite 300
Tyler, Texas 75702

Re: Ch. 7 Case 00-91537; *Mahesh Galal, Debtor*

Dear Mr. O'Neal:

Responding to your call, I trust this response supplies the information you requested. This case began as a Chapter 13 proceeding filed on August 21, 2000 which was converted to a Chapter 7 proceeding. The chief asset consisted of an undivided $\frac{1}{2}$ interest owned by the debtor in a piece of real property in Inglewood, California. The other undivided $\frac{1}{2}$ interest was owned by the Debtor's mother. The debtor's mother was paid from the sale proceeds for her undivided $\frac{1}{2}$ interest. This payment was approved by the Court in its Order dated March 26, 2003.

I hired special counsel in California to assist with the sale of the real estate in California. He reviewed the contract offers which were submitted, revised them, assisted with the removal of several liens against the property, and worked with the title company and their closer in closing the sale of the property. There were prospective purchasers who submitted contracts and then withdrew after an inspection of the property or for various other reasons. Complicating matters was the poor condition of the property which was in much worse condition than originally anticipated and it was necessary to find a buyer willing to accept the property in an "as is" condition. I will be glad to share with you photographs of the property if you would like. It was initially impossible to predict what the California property would bring at a sale. Further, there were substantial unpaid real estate taxes due on the property which had to be paid and were paid at closing which ultimately amounted to over \$40,000. In addition, it was not possible to predict the amount of time and effort it would take to resolve the problems concerning the title to the property or the liens that had been filed against the property, some of which had been paid for which releases had to be obtained, and some which had not been paid.

Also, a lien was filed by the IRS against the California property. The lien filed by the IRS was not filed until August 21, 2002. While the IRS had a priority claim, in reviewing the various liens, it appeared that the IRS did not have a valid lien. I had several communications with the IRS about this

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lien and they agreed and subsequently withdrew the lien. There were in fact also four claims filed on behalf of the IRS. The claims filed were Claim 12, Claim 19; Claim 21 amended Claim 12 and Claim 22 amended Claim 12. An objection was filed to Claim 19 which was sustained by the Court by Order dated September 24, 2003. Other objections to secured claims were filed because in some instances, it was determined that the claims had been paid, or that the property securing the claims either was still in place or the property had been foreclosed upon by the secured creditor or, even though filed as secured claims were not really secured but were in fact, general unsecured claims. For example, the Claim of the Los Angeles County Treasured and Tax Assessor was withdrawn on December 15, 2003 and the Claim of the Longview Journal News was allowed as a general unsecured claim. It was however necessary to review and deal with each claim to come up with these final determinations.

With regard to the Tootle Ventures Claim, I determined that there were funds being held by a third party to secure the claim and in reviewing the claim, I questioned the validity and amount of the lien claim. After much negotiation, a settlement was agreed upon which was approved by the Court by Order dated December 15, 2003.

In summary, the chief asset, an undivided ½ interest in a piece of real property in California did not ultimately generate sufficient funds to pay unsecured creditors and generated only funds to partially pay priority claims. It was impossible to predict this result without going through the sale process. Nor was it possible to predict the amount of time it would take to conclude the sale and resolve the various lien claims and problems involved with the real estate. Once the property was sold, it was necessary either to abandon the proceeds or complete the closing process. To complete the closing process required the claims evaluation, objections, etc.

I will be glad to supply any additional information you may want regarding this matter, but I trust this answers the questions you raised.

Yours truly,

ROSS, BANKS, MAY, CRON & CAVIN, P.C.

Daniel J. Goldberg

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